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HON. BOB PACKWOOD, *Chairman*

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UNITED STATES SENATE

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LETTER OF SUBMITTAL

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C., February 1, 1982.

DEAR COLLEAGUE: To accompany the funding resolution adopted by the Committee on Commerce, Science, and Transportation for the second session of the 97th Congress, I have requested the Committee staff to prepare this projection of our goals for the second session.

The Committee had a very productive first session, and the objectives that will be pursued during the second session build upon those efforts. Emphasis will be placed upon a wide range of issues, including those associated with communications, merchant marine, patent policy, and the Federal Trade Commission.

I look forward, with great enthusiasm, to working with my colleagues in achieving the exciting objectives presented in this report.

Cordially,

BOB PACKWOOD, *Chairman.*

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AVIATION

Although the Committee reported S. 508, a reauthorization of the Airport Development Aid Program (ADAP) on May 15, 1981, we have been frustrated in our goal to see this legislation signed into law during the first session. Accordingly, continued efforts will be mounted to see that a multiyear airport and airways aid program is enacted in the second session. The ADAP program is funded by a trust fund fed by an airline passenger ticket tax and other aviation user taxes. Because expenditures have never kept pace with receipts, a large surplus continues in the trust fund. Senators Kassebaum and Cannon have recommended legislation to the Finance Committee which would set user fees at a level necessary to fund the expenditures in S. 508. The Committee will continue to seek action by the Finance Committee so that the program can be signed into law in 1982.

While the Committee was successful in enacting legislation to reauthorize the National Transportation Safety Board (NTSB), concerns have been raised about the background and expertise of nominees to that body. Several Senators on the Committee have joined in cosponsoring legislation which would require that the President appoint individuals to be members of the Board upon the basis of "technical qualification, professional standing and demonstrated knowledge in the fields of accident reconstruction, safety engineering, human factors, transportation safety, or transportation regulation." This is consistent with a position taken by the full Senate in 1974. It is the Committee's intent to work toward enactment of this proposal with an eye toward ensuring the quality and independence of the NTSB.

In July of 1981, the Committee held hearings on the question of whether the Civil Aeronautics Board (CAB), now scheduled for dissolution in 1985, should be dismantled sooner. Those hearings focused on proposals for "early sunset" of the CAB as proposed by the Board itself, and the Department of Transportation (DOT). In September, a staff working draft, based on the DOT and CAB proposals, modified to take into account the concerns expressed during the course of hearings, was circulated for further comments. There seems to be general agreement that the concept of early sunset is a sound one, but there remain serious differences of opinion as to how early sunset should be accomplished. Since the staff draft was circulated, members of the Committee have been attempting to seek a consensus on the remaining controversial issues. One of the most troublesome has been what, if any, labor protective provisions should be included in the final proposal. Also, concerns have been voiced that "early sunset" legislation could become a vehicle for re-regulation rather than deregulation. In the coming session, it will be a goal of the Committee to seek a resolution of the contentious issues surrounding early sunset.

Over the past session, the Committee has been acutely aware of problems brought about by the illegal strike of members of the Professional Air Traffic Controllers Organization (PATCO). While most of the members of the Committee have been strongly supportive of the actions of the President, the DOT and the Federal Aviation Administration (FAA) in dealing with this crisis, we cannot overlook the negative impact of the controllers' illegal action resulting in the reduction of the controller workforce. Our air traffic system today is estimated to be operating at 75 percent of prestrike capacity. Twenty-two of the largest airports in the country are now "slot-restricted." More airports are also being forced to restrict operations as the FAA works to keep the demands on the en route control centers at a reasonable level. These restrictions have imposed economic hardships on the air carrier, commuter and general aviation industry.

As a result of the controllers' illegal action, the DOT and FAA have undertaken a massive effort to hire and train new controllers to take their place. On December 16, 1981, the Aviation Subcommittee held hearings on the FAA's efforts to rebuild the system. In the coming session, the Committee will continue to monitor the rebuilding efforts, and stands ready to work with the administration in ensuring that there are no legislative obstacles to bringing the system back to full capacity as soon as possible.

Another area of interest to the Committee is that of international aviation policy. It appears that the administration has succeeded in negotiating an agreement with European foreign governments which will further the goals of the International Air Transportation Competition Act of 1979, a product of this Committee, by establishing zones of fare flexibility. The International Air Transportation Competition Act, which had bipartisan support, endorses a more competitive international air transport system, but also recognizes that U.S. policy must ensure the preservation of a strong U.S. flag carrier system, a vital element in securing adequate longterm competition in international aviation. Consequently, the Committee will be carefully monitoring implementation of the recently negotiated agreements, attempting to ensure that our policy continues to follow the mandates of the International Air Transportation Competition Act. Of particular interest to the Committee will be the response of the International Air Transport Association to the recently negotiated agreement.

As the Committee continues to focus on the issue of airline deregulation, particular attention will be concentrated on the success of the "essential air service program" which guarantees continued air service to small communities. While the program appears to have been quite successful, concerns have been expressed regarding the CAB's administration of the program, and particularly whether or not subsidy payments are adequate and timely. This question has become even more important due to the fact that commuters, generally responsible for essential air service, have suffered sharp passenger drop-offs as a result of the air traffic controller strike and the deepening recession. The Committee remains convinced that the essential air service program must function to ensure that small communities will have adequate access to the national air transportation system. The Committee will continue to work to see that the goal of a strong and efficient essential air service program is maintained.

In August of 1981, the Aviation Subcommittee held a joint hearing with the House Science and Technology Committee in Wichita, Kans., on the future of the general aviation industry. This hearing explored many problems which currently face the American commercial aviation industry as a result of increasing competitive pressures from foreign manufacturers. The Committee will continue to explore the issues raised in the August hearing in an attempt to ensure that government policy in the areas of research and development, trade, taxation, and industrial innovation, are designed to enhance and preserve America's position as the preeminent manufacture of aircraft.

Finally, it will be necessary for the Committee to reauthorize the war risk insurance program, which expires September 30, 1982. This legislation authorizes the DOT to insure air carriers against acts of war which are not covered by private insurance policies.

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BUSINESS, TRADE, AND TOURISM

Travel and Tourism

The Committee achieved its primary goal for the travel and tourism area for the first session of the 97th Congress. This goal was the enactment of the National Tourism Policy Act. This legislation outlined and revamped the conduct of the Federal Government's involvement in international tourism promotion. The act also increased the status of tourism within the Federal establishment through the creation of an Under Secretary of Commerce for Travel and Tourism.

In addition, the act seeks better coordination between the many Government agencies whose roles affect the health of the travel and tourism industry. The problem of inadequate coordination is attacked through the creation of a Cabinet level Tourism Policy Council which will meet to review the potential effects of Federal actions on the tourism industry.

For the second session of the 97th Congress, the Committee plans to continue its oversight of the Federal role in tourism. Specifically, this means the Committee will be monitoring the implementation of the National Tourism Policy Act and assisting the Under Secretary for Travel and Tourism with his efforts to make the U.S. Travel and Tourism Administration an aggressive promoter of travel to the United States.

As part of this oversight function, the Committee plans to hold several sets of hearings. Among these hearings will be investigations into the current economic status of the travel and tourism industry; the budget needs of the U.S. Travel and Tourism Administration for fiscal year 1983; and the contribution made by travel and tourism to rural economies. There will be field hearings as well as hearings in Washington, D.C.

The question of the budget for the U.S. Travel and Tourism Administration is something on which the Committee expects to concentrate considerable resources. The budget of the agency has been declining steadily for the past 3 years, from $13.5 million in 1979 to the current $7.6 million in 1982. It is the position of the Committee that these reductions must be reversed if the USTTA is to effectively carry out its mandate. An agency whose programs can boast the financial return of the USTTA certainly merits increased financial support. The Committee, therefore, plans to work for an increased budget for the agency during the balance of fiscal year 1982 and fiscal year 1983.

The Committee also plans to pursue the discussions begun last year on the State Department's proposal to implement a system of selective, nonimmigrant visa waivers. It is the opinion of the Committee, with the full support of the travel and tourism industry, that the partial elimination of the current visa requirements would be a boon to international travel to the United States. Although there is no hard data

on the subject, the empirical evidence tells us that the United States is losing thousands of potential travelers and millions of dollars in expenditures each year because of this obstacle to travel. The Committee will continue its commitment to enactment of the State Department's program and plans to work with the Judiciary Committee toward this goal.

Business, International Trade, and Investment

The Committee has several uncompleted tasks from the first session which will be pursued during 1982. S. 1233, the Service Industries Development Act, will hopefully be reported by the Committee early in the session. This bill would establish a Service Industries Development Program within the Commerce Department. The purpose of this program would be to provide a Federal promotional effort and other support which would be intended to enhance the competitive position of U.S. service industries (such as communications, aviation, shipping, tourism, advertising, banking, insurance, and data processing).

The service sector currently provides an estimated $35 billion surplus to the U.S. balance of trade. In addition, economists say that services now comprise over half of our gross national product. Obviously, considering the size of this economic sector, the Federal Government should be assisting with efforts to expand the area and improve its competitiveness overseas. If this is not done, we can expect to see our current trade surplus shrink as the service sectors of other economies develop. The goal of the Committee, therefore, is to enact the Service Industries Development Act prior to the end of the 97th Congress.

Shortly before the end of the first session the Committee reported S. 1256, the Retail Dealers' Agreement Act. This bill is intended to provide legal remedies for dealers of office equipment (such as copiers, word processors, recording devices, and other general office supplies) who are having disputes with the manufacturers who supply them with the equipment they sell.

Shortly before the end of the first session the Committee reported heard reports of widespread abuses by manufacturers in their dealings with the dealers who distribute their products. These abuses centered around the failure of manufacturers to act in good faith when negotiating with the dealers.

The bill sets certain standards of behavior for these dealings and offers the dealers recourse to Federal court in the event of a grievance.

Since S. 1256 has been jointly referred to both the Commerce and Judiciary Committees, there will be no further action on the bill until the Judiciary Committee has held hearings.

In the area of international investment, the Committee plans to continue its oversight of the International Investment Survey Act and the issue in general. The International Investment Survey Act is the program under which the Departments of Commerce and Treasury collect data on the level of foreign investment in the United States and the level of U.S. investment abroad. The act came about as a result of concern over the potential for excessive foreign control over certain critical U.S. industries (such as energy). Although the figures collected to date have shown a steady increase in foreign

investment in the United States, this investment has been diverse enough to prevent any dangerous concentration of foreign control in certain industrial sectors. However, the Committee feels that the act remains an important part of our economic and security interests and wishes to see this data collection continue.

Also on the investment front, we have seen a growing confrontation between the United States and Canada over the discriminatory approach the Canadians have taken in setting internal investment policies. The Canadian Government has vetoed a number of American investment initiatives in an effort to cut down on the proportion of the Canadian economy which is controlled by Americans (particularly in the energy resource area). At the same time this has happened, Canadian firms have been aggressively moving to acquire controlling interest in a wide variety of American companies.

This combination of events has resulted in a surge of protectionist sentiment within American investment circles as well as by some politicians. While the Committee is basically opposed to protectionist trade policies and does not advocate retaliation, it is a fact that these protectionist sentiments will continue unless the Canadian Government reverses the path it has chosen.

The Committee plans to maintain oversight of this issue in conjunction with the review of the International Investment Survey Act. It is hoped that the administration will be able to resolve this conflict through bilateral talks and thereby avoid the need for legislation to remedy the situation.

COMMUNICATIONS

Legislative Priorities

It is essential that the Congress provide up-to-date guidance to the Federal Communications Commission (FCC) and the courts on national telecommunications policy. Existing regulatory policy must be replaced by a scheme that allows competition whenever possible, because it is the best means of economic regulation; encourages innovation; and promotes the goal of providing maximum consumer choice. New Congressional policy guidance will relieve the FCC and the regulated industries from having to litigate whether the existing and outmoded Communications Act provides adequate authority to permit the provision of new services engendered by new technologies.

The Committee made substantial progress during the first session of the 97th Congress. Enacted into law were: Provisions to enhance competition in the international telecommunications market (Public Law 97–130, the Record Carrier Competition Act of 1981); a measure to increase radio and television broadcast license terms from 3 to 7 years and 3 to 5 years, respectively, and to establish a lottery mechanism to replace comparative licensing procedures in appropriate cases (Public Law 97–35); a bill that places the FCC on a 2-year authorization period and authorizes an appropriation for the National Telecommunications and Information Administration (Public Law 97–35); and a bill that reauthorizes advanced-year appropriations for the Corporation for Public Broadcasting (Public Law 97–35).

On October 7, the Senate overwhelmingly approved (90 yeas to 4 nays) a landmark measure, S. 898, the Telecommunications Competition and Deregulation Act of 1981, a bill that restructures the massive domestic common carrier industry. It establishes as national policy, the promotion of marketplace competition, deregulation, and reliance on the private sector, to the maximum extent possible, for the provision of telecommunications services and equipment.

On September 29, the Senate, by voice vote, adopted S. 929, the Amateur Radio Service and Private Land Mobile Services Act of 1981. It is designed to improve the FCC administration of amateur radio and private land mobile services.

The Committee hopes to see both S. 898 and S. 929, or companions to them, adopted by the House prior to the close of this Congress.

Pending on the Senate Calendar are two bills approved by the Committee. First, portions of S. 821 (the remainder enacted as a part of Public Law 97–35) contain provisions designed to coordinate the establishment of U.S. policy on international telecommunications and information. S. 821 also establishes a statutory fee schedule (based on the cost of regulation) assessing charges for services received by communications providers and users at rates that would guarantee a

return to the Federal treasury of almost half of the FCC annual budget. Second, S. 1629, the Broadcast Deregulation Act of 1981, deregulates certain radio broadcast services, and streamlines television and radio licensing procedures.

By request of the FCC, the Committee is considering S. 1791, the Federal Communications Commission Amendments of 1981. It is a bill to revise the structure and authority of the FCC. S. 1791 consists of technical or "housekeeping" amendments to eliminate unnecessary and burdensome regulations.

The Committee will continue to provide policy guidance and consider legislation concerning international common carrier and cable television services. Additionally, the FCC has asked the Committee to examine some changes in existing laws related to political broadcasting.

Oversight Activities

FEDERAL COMMUNICATIONS COMMISSION

The Committee will continue to exercise vigorous oversight of the FCC's activities to insure that the FCC does not ignore the will of Congress. The Committee expects the FCC to develop a Uniform System of Accounts and to continue its review of pending major proceedings with a view toward terminating those that will result in increased regulation.

International radio conference

The final acts of the 1979 World Administrative Radio Conference (WARC) will be submitted for Senate ratification. The Committee will review the final acts, in addition to the report being prepared at the Committee's request by the Office of Technology Assessment on WARC 1979. The Committee will determine whether the treaty will enable the United States to meet its future telecommunications needs. The Committee will also consider whether remedial legislation or administrative action is needed to insure adequate preparation for future international conferences. The Committee notes that important issues vital to the United States will be considered at these meetings to be held throughout the next decade.

CONSUMER

The last decade and a half has seen the enactment of many far-reaching proposals to provide consumers with increased protection in such areas as consumer product safety, poison prevention packaging, warranties, motor vehicle safety, and unfair or deceptive business practices.

In an effort to ensure that these programs are achieving the goals set out for them by the Congress, the Committee will continue its oversight of agencies having responsibility for administering these programs and make appropriate recommendations to ensure their effective operation.

The Committee will also continue to focus on regulatory reform within the agencies under its jurisdiction to eliminate overlapping, duplicative, and ineffective regulations which often lead to higher costs for consumers and businesses.

Federal Trade Commission

The Federal Trade Commission (FTC) is empowered to prevent "unfair methods of competition" and "unfair or deceptive acts or practices." The FTC Improvements Act of 1980 required, among other things, that the FTC undertake significant changes in its procedures for conducting investigations and rulemakings. During the first session of this Congress, the Committee monitored the agency's compliance with the Improvements Act and the changes suggested for the agency in connection with proposed overall budget reductions. A 2-day oversight hearing was conducted on FTC enforcement activities concerning professionals, such as doctors, lawyers, and dentists.

In the second session, the Committee expects to undertake a broader review of FTC activities in connection with the agency's reauthorization. In addition to jurisdiction over professionals, issues of interest to the Committee are the agency's "unfairness" authority, premption of state law, regulation of commercial advertising, antitrust policy, and the provision added by the Improvements Act for Congressional review of new FTC rules.

One major FTC rule, the rule governing sales of used motor vehicles, has already been submitted to Congress under this legislative veto provision, and consideration of this rule will continue in this session. The Committee anticipates that other rules may be submitted during this session as well. The Committee expects the reviews of all such rules to be thorough and conducted in a timely fashion.

U.S. Fire Administration

The importance of fire prevention and control has received national attention after recent large hotel fires caused the death of numerous people. The Federal Fire Prevention and Control Act of 1974 was

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designed to assist States and firefighters in promoting fire prevention and control. The National Fire Academy, which was established by the act, has been operating fire safety programs for over a year. Although the act has already been reauthorized for fiscal year 1983, the Committee will continue to review the activities of the Academy and the U.S. Fire Administration and the impact of their programs on fire injuries, deaths, and property loss. Other issues of interest to the Committee are State fire codes, smoke detection regulations, arson, firefighting equipment, and rural firefighting.

Consumer Product Safety Commission

In 1972, Congress created the Consumer Product Safety Commission (CPSC) in an attempt to reduce consumer product related injuries and deaths in the United States. Since that time there has been substantial concern that the agency has not been effective in carrying out its statutory mandate. The Committee conducted extensive hearings at the time of the Commission's last reauthorization and made several changes in the agency's statutory scheme. The Committee intends to examine carefully implementation of these amendments to determine whether they have resulted in the more effective operation of the agency. In addition, the Committee will review all aspects of Commission enforcement, research, and standard-setting activities.

PRODUCT LIABILITY

For the past 5 years the Committee has been in the forefront of legislative activities in the product liability area. This effort began in 1977 with the introduction of the first comprehensive legislation to address both the insurance and tort reform aspects of the problem. This was followed by enactment of the "Product Liability Risk Retention Act of 1981" in the first session of this Congress.

The problems presented to the Committee with respect to the product liability problems of manufacturers, wholesalers, distributors and consumers remain. Federal legislation is necessary to promote stability and uniformity. The Committee will consider legislative remedies and conduct appropriate hearings. The Committee expects the Commerce Department to continue to serve as the focal point for product liability policy within the executive branch and the source of expert research and advice.

CIGARETTE LABELING AND ADVERTISING

Since 1964, when the first Surgeon General's report on smoking and health was issued, additional scientific evidence has become available linking cigarette smoking with lung cancer, heart disease, emphysema, miscarriages and cancers of the larynx, oral cavity, esophagus, bladder and kidney. At the same time, the health warning now required for cigarette labels and advertisements has not changed since 1970. A recent study by the staff of the FTC found that many consumers are unaware of the nature and extent of many of the specific health risks of smoking. The Committee expects to review this issue during the upcoming year.

MANDATORY DEPOSITS ON BEVERAGE CONTAINERS

Legislation requiring a minimum 5-cent deposit on specified beverage containers will be considered by the Committee. The purpose of the legislation is to create an incentive for consumers to return empty beverage containers for a deposit refund in order to: (1) reduce litter, (2) reduce solid waste, (3) conserve energy and raw materials (bauxite and iron ore), and (4) promote safety.

The Committee has held numerous hearings on the issue in the past and has reviewed numerous Government reports and industry reports on the effects national legislation would have on litter and solid waste control, consumer costs, and conservation of energy and raw materials. The most recent study is an analysis by the General Accounting Office on the effects of a mandatory deposit law in Michigan.

MERCHANT MARINE

Introduction

Three primary agencies guide Federal maritime policy: The Maritime Administration (within the Department of Transportation) seeks to promote a strong U.S.-flag merchant marine; the Federal Maritime Commission (an independent agency) regulates maritime transportation; and the Coast Guard (within the Department of Transportation) supervises maritime safety and law enforcement. Other agencies contributing to our maritime policy include the Departments of State, Treasury, Agriculture, and Defense.

The Committee intends our shipping policy to be both promotional and regulatory. Despite these purposes, however, the U.S. merchant marine has diminished in recent times in both size and capabilities. The Committee's merchant marine program is therefore intended to initiate an oversight and legislative program which will eventually restore the U.S. merchant marine to a position of preeminence and assure open and fair competition in our ocean liner trades. Our maritime policy requires greater coordination as an integral part of our overall foreign and defense policy.

Today, the maritime industry, including our ports, ocean shipping companies, and shipbuilding yards provide jobs to approximately 1.5 million Americans and contribute $22 billion to our economy. Despite the industry's national and international importance, the maritime industry is in a precipitous decline, as the following Maritime Administration chart for ships over 1,000 gross tons dramatically illustrates:

MERCHANT FLEETS OF THE WORLD RANKED ON THE BASIS OF NUMBER OF SHIPS, DEC. 31, 1950–1960–1970–1978

Country	1980	Rank	1970	Rank	1960	Rank	1950	Rank
Greece	2,928	1	1,195	5	602	8	218	1
Russia	2,530	2	1,942	2	873	6	432	82
Panama	2,437	3	629	9	495	13	495	0
Liberia	2,271	4	1,840	3	875	5	39	37
Japan	1,762	5	2,109	1	1,036	3	387	11
England	1,054	6	1,772	4	2,413	1	2,605	3
China (PRC)	695	7	221	18	141	19	162	16
Singapore	622	8	90	32				
Italy	622	9	625	10	656	7	423	9
Norway	616	10	1,173	6	1,336	2	959	3
United States	578	11	793	8	1,008	4	1,170	2
Spain	509	12	403	13	337	15	270	12
World	24,427		19,980		17,317		13,282	

The decline in the number of ships in our fleet from second-ranked in 1950, to 4th in 1960, 8th in 1970, and 11th in 1980, is alarming.

The 1970 Amendments to the Merchant Marine Act of 1936, made construction-differential subsidy available for dry bulk cargo ships in an effort to encourage the growth of this segment of the U.S. merchant fleet. Despite that effort the U.S. dry bulk fleet today numbers only 17 vessels and carries less than 2 percent of our dry bulk trade. The United States is therefore almost totally dependent upon foreign-flag ships to carry bulk cargoes essential to U.S. import and export trades.

From the standpoint of national defense, the potential consequences of our inadequacy are especially serious. The United States is self-sufficient in only 3 of 71 strategic materials essential to national defense. We import 87 percent of our bauxite, 89 percent of our chromium, and 98 percent of our manganese. Moreover, our reliance on waterborne imports of raw materials for all purposes is increasing.

Maritime Administration

The primary objective of the Maritime Administration and its programs is to assure a strong U.S. merchant marine by promoting the U.S.-flag merchant marine and private shipbuilding industry in our country in times of peace and to insure the defense readiness of both in the event of war or other national emergency.

The present programs clearly have not accomplished these objectives, despite the decades they have been in effect. Further compelling reexamination of these programs, the present state of the economy, and administration policy, requires Federal budgetary savings wherever possible. The Committee, thus, expects to reassess the extent to which U.S. defense requirements warrant Federal support of our private merchant fleet and shipyards. Programs must then be redesigned to ensure that defense requirements are adequately satisfied at the least cost to taxpayers and with the least distortion of market competition.

Hearings will be held on all major aspects of our promotional program: subsidies, loan guarantees, tax incentives, and cargo preference. Through these hearings the Committee expects to study carefully the efficacy of the following measures:

(1) Revising existing law in order to encourage investment in U.S. shipping by countering the advantages accrued by investing in foreign-flag vessels.

(2) Relaxing restrictions on the eligibility to own both foreign and U.S.-flag vessels, restrictions on foreign resale, and restrictions on the international trading rights.

(3) Removing U.S.-build conditions from programs promoting operation of U.S.-flag vessels.

(4) Implementing methods needed to restore the cost competitiveness of U.S.-flag operators in the international marketplace, without increasing subsidies.

These four categories of study will be part of the Committee's effort to determine what it is about our laws and policies which cause so many American shippers to ship on foreign bottoms; so many

American ship owners to build foreign; and so many American ship operators to fly flags-of-convenience. The Committee intends to work closely with the administration on these and other programs.

Although the United States has not acceded to the UNCTAD Liner Code, the Code may come into force in the near future. The Committee intends to examine the impact of the Code on our trades, and on our liner shipping companies, during its oversight hearings. In addition, the procedures used in negotiation of bilateral shipping agreements might be further clarified to insure timely notice to Congress and affected segments of the maritime industry as U.S. negotiating positions are being formulated, and to define the roles of the Maritime Administration and the Department of State in the negotiations.

The Committee further believes that our ports, as an integral part of our national and international transportation systems, must be able to meet the demands of domestic and foreign waterborne commerce. Prior legislation has noted the interrelationship between port and merchant marine development, and has vested certain development authority in the Maritime Administration.

REQUIRED AUTHORIZATIONS

In addition to examination of the areas noted above, legislation to authorize appropriations for the programs of the Maritime Administration will require early action. Section 209 of the Merchant Marine Act of 1936, provides that there are authorized to be appropriated for the maritime activities of the Department of Commerce only such sums as the Congress may specifically authorize by law. The legislation which the Committee must consider may therefore contain specific authorizations for the following programs:

Construction-Differential Subsidy (CDS)

In order to maintain a base of efficient shipbuilding and ship repair facilities, the law authorizes the Secretary of Commerce to equalize the cost disparity which exists between U.S. and foreign shipbuilding prices through the payment of a subsidy to U.S. shipyards. To be eligible for CDS, a vessel must be built in an American shipyard, owned by American citizens, manned by an American crew, and operated under the U.S. flag in the Nation's essential foreign commerce.

Operating-Differential Subsidy (ODS)

The Secretary of Commerce is authorized to pay ODS to U.S. shipping companies in order to achieve cost parity in seamen's wages, vessel insurance, and maintenance and repairs not covered by insurance. ODS is intended to assure that American shippers will have regular and frequent service between U.S. and overseas markets at reasonable and competitive freight rates.

In order to receive ODS, companies must assume rigid long-term contract obligations and operate under strict operating limitations as to trade routes and services. Financial obligations are also involved. Companies must place a part of their earnings in capital reserves for use in vessel replacement.

Research and development

This program develops methods, systems, and equipment to the U.S. shipbuilding and ship operating industries to be more productive and to be more competitive with foreign shipbuilders and ship operators. Programs are aimed at development of information and technology that will result in lower shipbuilding costs, operating costs, and Government subsidies for both ship construction and operation. Substantial participation of industry is obtained through cost sharing.

Merchant Marine Academy

The Maritime Administration operates the U.S. Merchant Marine Academy at Kings Point, N.Y., where U.S. citizens are trained to become merchant marine officers. The Academy has an enrollment of about 1,000, and graduates about 200 students annually. Graduates are generally employed at sea as deck or engineering officers, or ashore in the maritime industry.

State marine schools

The Maritime Administration supervises the Government grants and student aid given to the six State marine schools, which are located in Maine, New York, Massachusetts, California, Texas, and Michigan. These schools have a total enrollment of about 2,000, and graduates about 400 students annually. Graduates are generally employed at sea as deck or engineering officers, or ashore in the maritime industry.

Supplementary training

Section 216(c) of the Merchant Marine Act, 1936, authorizes the Maritime Administration to prescribe, conduct, and supervise such courses as it may deem necessary to supplement other training facilities. The basic objectives under the current training program are to assist in providing a trained shipboard work force, improve safety of life and property in shipboard pollution resulting from ship collisions, groundings, and fires. Training is provided through modest training facilities located on each of the four seacoasts.

National Defense Reserve Fleet

The National Defense Reserve Fleet provides an inventory of ships to supplement the active fleet in times of war and national emergency. The fleet is the only source of reserve break-bulk shipping capacity available to the United States during a military or commercial shipping crisis. Reserve fleet sites are also used as repositories for ships awaiting disposal.

Other operating expenses

This program provides for overall program direction and administration and for general administration not directly assignable to specific programs; for program direction and administration of the subsidy and research and development programs; and for program direction and administration and costs of the following programs: Capital construction manpower administration, civil rights, emergency planning/operations, market development, advanced ship operation systems, port and intermodal systems, and domestic shipping.

Federal Maritime Commission

The second part of our shipping policy, the regulatory part, is administered by the Federal Maritime Commission. Our regulatory policy is intended to safeguard against agreements and practices in the United States liner trades which would be detrimental to the commercial interests of the United States. Thus, all carriers operating in the foreign commerce of the United States, whether U.S.-flag or foreign, whether subsidized or not, whether conference members or independents, must compete openly and fairly with one another.

The Shipping Act, 1916, as amended, is intended to encourage competition in our liner trades on the one hand, while permitting limited anticompetitive practices to encourage stability on the other. To do this, the 1916 Act attempts to balance the benefits of competition and the benefits of the conference system by immunizing certain anticompetitive economic agreements among carriers from the impact of the antitrust laws, if these agreements are filed with and approved by the Federal Maritime Commission.

Sections 14 and 15 thus expressly authorize the FMC to approve these agreements as necessary in our liner trades to secure, among others, the following advantages: regularity and dependability of service, extended periods of stable rates, and uniformity of rates to all shippers. However, chiefly because of the attitude of the Justice Department and its opposition to the approval of section 15 agreements, our regulatory policy has been frustrated.

In the Committee's view, it makes no sense to spend over one-half billion dollars a year to promote a strong maritime industry, if on the other hand, we regulate it in a discriminatory manner which prevents it from competing equitably and fairly with foreign flags in our trades.

In an attempt to remedy these problems the Committee expects to approve S. 1593, the Shipping Act of 1981, which will clarify the exemption of concerted economic activity in the maritime area from U.S. antitrust laws, amend the standards and streamline the procedures for approval of agreements for economic cooperation, strengthen the conference system, and permit the establishment of "shippers councils".

U.S. Coast Guard

The third agency within the Federal maritime triad, the Coast Guard is the principal maritime safety and law enforcement agency. Over the years the Coast Guard's role has expanded substantially. It not only absorbed the International Ice Patrol, the old "Lifesaving Service," the Lighthouse Service, and the Bureau of Marine Inspection, parts of the U.S. Customs Service and the Corps of Engineers, but also received a variety of new assignments by virtue of laws passed by Congress in the 1970's. Since 1967, when it was moved from the Treasury Department, the Coast Guard has been part of the Department of Transportation (DOT).

REQUIRED AUTHORIZATIONS

There is growing concern over the state of the U.S. Coast Guard, directly related to the additional responsibilities which have been levied upon it without a commensurate increase in funding, personnel, and capital plants.

The Committee will pay particular attention to the four following problem areas during the authorization process:

Increased responsibilities

Although the Coast Guard's budget has increased at the rate of about $100 million a year, its workload has also increased significantly due primarily to two factors: (1) increased marine activities; (2) additional legislative mandates; and (3) increased law enforcement by order of the President. Since 1977 there have been dramatic increases in search and rescue responses, foreign vessels inspected, oil pollution removal, fisheries and law enforcement boardings, drug enforcement, and immigration patrol efforts.

Shortage of cutters

The cutter fleet has not expanded to meet the increased duties noted above. In addition, many of the existing cutters have reached the end of their useful life, many have severe maintenance problems, others need major renovation of their living quarters.

A particularly telling point is the reduction which has occurred from the initial submission of the Coast Guard hardware budget to the DOT and the amounts actually appropriated.

The Commandant of the Coast Guard has estimated that the service will need an additional 57 cutters by the mid-1980's to meet its mission standards. The Commandant believes that the hardware budget will need to be increased from approximately $400 million annually to $700 million to accomplish this goal.

Between 1991 and 2000, the Coast Guard has also estimated that 174 cutters then existing will require renovation and/or replacement. The cutter shortage and maintenance problems have been verified by a GAO study done at the request of the Commerce Committee, as well as by the Library of Congress' Congressional Research Service.

Personnel shortages

The Coast Guard has estimated that an additional 8,200 positions are needed now; about half are needed to support recent legislative mandates. The remaining 4,100 billets are needed to reduce the average workweek of search and rescue personnel and for fisheries law enforcement. Trained personnel are also leaving the service in record numbers for higher paying jobs on the outside.

In Oregon and Washington, search and rescue personnel at 8 out of 11 coastal units average 80 to 90 hours a week in the winter (October to April) and 110 hours a week in the summer.

Sacrifices in mission performance in certain areas

Although working hours have been extended in many mission areas (i.e., search and rescue), the increased workload without increased personnel has meant that other mission areas have suffered.

For example, in the port safety program, instead of boarding half of those vessels known to be handling dangerous cargoes, the Coast Guard boarded less than a quarter. In the marine environmental protection program, the Coast Guard is conducting approximately half the desired number of harbor pollution patrols, and for remote harbor areas, patrols are averaging once every 3 months as compared to the mission performance standard of once a week.

In anticipation of this year's authorization process, the Committee will receive from the Congressional Research Service a thorough review of the Coast Guard's funding levels for hardware and personnel. Particular attention will be given to the Coast Guard and its national security role. The Committee will also examine carefully the Coast Guard's maritime drug enforcement program, a program which experts concede stops only a small percentage of the illicit drug traffic entering the United States annually.

Coast Guard legislation

During the 96th Congress, legislation was proposed to update a number of the obsolete laws which the Coast Guard currently administers. It is expected that legislation will again be considered which will ease substantially the administration of a number of the obsolete maritime laws. Particular attention will be given to title 46 of the United States Code.

NATIONAL OCEAN POLICY STUDY

Introduction

The Senate Committee on Commerce, Science, and Transportation has general jurisdiction over ocean policy. This includes fisheries, marine mammals, coastal zone management, ocean energy and mineral resources, international fishery treaties, Antarctic development and marine science.

It is generally recognized that many resources of the oceans are underutilized. The Committee feels that through sound development and management these assets can be used to augment dwindling land based supplies of energy and mineral resources as well as provide a large source of food protein.

At the same time, the Committee is very conscious of its responsibility to assure adequate environmental protection for the delicate natural balances found in the ocean ecosystem. It is the view of the Committee that the goals of development and environmental protection are not incompatible, but that great care must be taken in developing a balance between them.

The activities of the Committee in the oceans area during the second session of the 97th Congress will fall into two categories: reauthorizations and oversight.

Reauthorizations

The following programs are due for reauthorization before the end of the current fiscal year.

Magnuson Fishery Conservation and Management Act (MFCMA)

This issue is a high priority for the Committee. The MFCMA is the cornerstone of U.S. fisheries policy since it was this act which created the 200-mile limit. It is hoped that through amendments to the act the Committee can foster increased growth and self sufficiency for the U.S. fishing industry.

Marine Protection, Research and Sanctuaries Act

Title II of this program, which needs to be reauthorized, requires the Department of Commerce to perform ocean dumping research.

National Advisory Committee on Oceans and Atmosphere (NACOA)

NACOA's mission is to provide the administration and the Congress with reports and advice on the course of national ocean policy. The Committee is hopeful that NACOA will provide its full cooperation and assistance to NOAA Administrator John Byrne.

National Ocean Pollution Planning Act

This act is designed to coordinate all Federal activities in the area of ocean pollution research and abatement.

Anadromous Fish Conservation Act

The decline of wild salmon runs in the Northwest has long been a concern of the Committee. This act is intended to provide Federal assistance for the restoration of these runs.

Deep Seabed Hard Minerals Resources Act

This act provides a regulatory framework for the domestic aspects of the developing deep seabed mining industry.

OVERSIGHT

The following issues are items which the Committee feels need to be investigated and acted upon during the second session of the 97th Congress.

User fees

The administration will be making broad proposals to offset budget requirements through the imposition of user fees on ocean user groups. The Committee intends to investigate such proposals very carefully to see if they would actually be practical and cost effective.

Development of underutilized fish species

There is tremendous potential in the Pacific Northwest and Alaska for domestic employment and income from the development of fisheries targeting on underutilized species. In particular, the Committee is interested in seeing the U.S. fishing industry profit from utilization of Pacific Whiting and Pollock.

Foreign fishing observer program

The U.S. fishing industry has expressed concern for many years about the fishing activities of foreign fleets within our 200-mile zone. The Committee considers it imperative that the foreign fishing observer program cover 100 percent of the foreign fishing fleet in order to insure proper fishery management.

Joint ventures

The Committee is interested in seeing that markets for U.S. fishermen are maximized. The Committee feels that joint ventures between U.S. fishermen and foreign processors offer good opportunities in this area, and it is hoped that they will be allowed to prosper. The Committee also hopes that U.S. processors will decide to move some of their activities offshore in an effort to develop an American controlled fishing/processing operation for bottomfish. The Committee intends to do all it can to assist the domestic processing industry in pursuing this goal.

Foreign fishing allocations

The Committee continues to feel that for the time being foreign fleets should be permitted to catch surplus fish in the U.S. 200-mile zone. However, it is the goal of the Committee that the U.S. fishing and processing industries be developed to the point where they will be able to fully utilize this resource. In the meantime, the foreign nations which are fishing in our 200-mile zone should be required to pay for the resource they are obtaining at a rate which reasonably reflects its market value. The Committee also believes that foreign

allocations should be linked to the level at which such foreign nations are participating in joint ventures.

Law of the sea

As these international negotiations continue, the committee intends to remain informed about the issues being discussed and to play a role regarding the implementation of, and U.S. participation in, any Law of the Sea Treaty.

Salmon Interception Treaty with Canada

The Committee believes that a treaty should be concluded on this issue as soon as possible. It is felt that due to the depressed economic condition of the commercial salmon fishery in the Northwest, such a treaty is crucial.

Halibut Convention implementing legislation

The Committee hopes to send this legislation to the full Senate early in the second session. It is necessary if the renegotiated terms of the North Pacific Halibut Convention are to take effect.

Condition of the bluefin tuna fishery

The Committee plans to closely follow developments affecting the east coast bluefin tuna fishery. The stocks of this fishery are severely depressed, and the Committee is anxious to see effective international management of the stocks. All suggestions for restoring the fishery will be considered.

Commercial Fisheries Research and Development Act

Legislation amending this act has been passed by the House and will be considered by the Committee during the second session.

Fishermen's Contingency Fund

Amendments to this act have been proposed. It is generally agreed that some action needs to be taken to eliminate the existing roadblocks to payment of claims under the program. The Committee intends to seek the most effective method for achieving such improvements and will work with the House and with the National Marine Fisheries Service to make sure the improvements are implemented.

Foreign processing in internal waters

The controversy over whether such processing activities should be allowed must be resolved. The Committee intends to work with all interested parties to achieve a compromise which will have the most positive economic consequences for both fishermen and processors.

Assistance for the shrimp industry

There has been considerable economic dislocation in the shrimp industry during the past several years. The Committee will explore all suggestions for hastening the recovery of the industry.

NOAA Improvement Act

The National Oceanic and Atmospheric Administration was created under Reorganization Plan No. 4 in 1970 which carried no comprehensive statement of agency mission or objective. In the succeeding 10 years NOAA's responsibilities have accumulated while it continues without having its functional priorities specified.

Without a policy mandate, there is no effective institutional mechanism to coordinate marine research activities, set research priorities or to plan for future needs. The Committee feels that the major Federal civilian agency entrusted with ocean and atmospheric responsibilities should have its functional priorities clearly set out.

The lack of a legislative mandate also causes the authorization process for NOAA programs to be a time-consuming and unorganized task. The Committee is presently charged with authorizing more than 20 NOAA programs in various years for various periods and various sums. To increase efficiency and allow the Congress to assess these programs in a more organized, systematic way, an omnibus authorization bill will be considered by the Committee in conjunction with both organic legislation and general oversight on NOAA and its functions.

Barrier Islands

The Committee is particularly concerned about the use of Federal funds supporting development in high hazard areas such as barrier islands, where periodic storms cause devastation to life and property. Barrier islands are among the most valued real estate in the Nation because of their recreational potential. The Coastal Zone Management Act Amendments of 1980 specifically directed States to examine this problem in their own coastal zone management plans.

Presently, Federal moneys are spent for both resource protection and commercial land development of these unique areas. The Committee believes that the coastal zone management program should play the lead role in addressing this problem by increasing attention to hazard mitigation in these areas. Hearings before the Committee will assess the need for legislation to eliminate Federal subsidies in these high hazard areas.

National Sea Grant Program

The National Sea Grant College Program Act of 1976 was passed to establish an educational and research base for both basic and applied marine research. Patterned after the land grant college program, it provides for a three-pronged mission addressing marine education, research, and advisory programs, which relay practical information and assistance to marine resource users.

The Committee feels that the sea grant program has been eminently successful and cost effective and may play a more effective role in local coastal zone management programs and fisheries management responsibilities of the regional councils. In addition, sea grant should explore the research needs of ocean industries as ocean energy fisheries and mining become increasingly prominent in the next decade. Of particular interest to the Committee is sea grant's success in developing alternative funding mechanisms to stimulate university-industry cooperation in developing innovative ocean technology.

Oceanic disposal of nuclear waste

The Committee is aware of the recent interest of the scientific community in the feasibility of either seabed or subseabed disposal of radioactive material. Renewed interest by the administration in oceanic disposal of low level radioactive waste necessitates a closer examination of this problem. The Committee intends to determine the need for a legislative response to this alternative.

Deep seabed mining

The Deep Seabed Mining Hard Minerals Act was passed during the 96th Congress. The legislation was designed to provide a licensing and regulatory mechanism, which is currently being implemented by NOAA. Both final implementation regulations and the programmatic environmental impact statement have been produced, establishing a licensing regime for the exploratory phase of seabed mining. As progress is made toward international adoption of a law of the sea treaty, the Committee will continue to exercise its oversight responsibilities of commercial utilization of these resources.

Ocean thermal energy conversion

During the 96th Congress, two major pieces of legislation providing for the funding and development of ocean thermal energy conversion plants, and their licensing and regulation, were enacted. The National Oceanic and Atmospheric Administration was designated the lead agency. Both final implementation regulations and the programmatic environmental impact statement have been produced, providing a licensing regime for commercial OTEC facilities. Continued Committee interest in OTEC's research and development, and the need for a uniform licensing regime established by NOAA will be reviewed during oversight hearings this session.

Coastal zone management

The Coastal Zone Management Act (CZMA) of 1972 was designed to encourage coastal State governments to develop management plans which would provide for a balanced use of their coastal land and water resources. In return for developing federally approved management programs, States were promised, through the Federal consistency provision, that any Federal activity which "directly affects" a State's coastal zone must be consistent to the maximum extent practicable with that State's management plan.

During the first session, regulation defining those activities which directly affect a State's coastal zone were promulgated by the Department of Commerce. Those regulations were perceived by many as a violation of States rights, and the ensuing controversy caused the Department to rescind those regulations.

The Committee intends to closely monitor the redrafting effort presently underway and to examine any complaints forthcoming from State governments regarding subsequent regulations.

SCIENCE, TECHNOLOGY, AND SPACE

There will be an increasing effort made to exercise the broad charge to the Committee under the Standing Rules of the Senate ". . . to study and review, in a comprehensive basis, all matters relating to science and technology . . ."

AUTHORIZATIONS

The Committee has standing responsibilities for reauthorizations of several scientific and technical programs. In addition, there are other areas in which program authorizations seem appropriate and timely.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Approximately 8 days of hearings are anticipated for all aspects of NASA activities with testimony from witnesses from NASA, other agencies with related program responsibilities, and scientific and contractor communities. With the enormously successful launches of the first Space Shuttle followed by the first refurbished Space Shuttle, the United States has demonstrated a capability unequaled by any other country. However, other nations are now beginning to provide launch services to the rest of the world at financially attractive prices. This has placed an increased emphasis on the need to closely examine the Space Shuttle program, its uses, schedule and operations.

As a result of budget constraints over the past few years, special attention will be devoted to assessing the ability of NASA's programs to fulfill the mandate of the National Aeronautics and Space Act of 1958. This includes examining the balance among NASA's programs, specifically space science, planetary exploration, applications and aeronautics with respect to the space transportation system.

Another major concern is the aeronautical research and technology program. The preeminent position which the United States enjoys in aviation is under increasing challenge by foreign competitors, often actively supported by their national governments. For the long term, steps must now be taken to strengthen support for future advanced aeronautics research and technology which sets the pace for commercial product development and marketing.

NATIONAL OCEANOGRAPHIC AND ATMOSPHERIC ADMINISTRATION

The Committee has in the past authorized a wide variety of individual NOAA programs. There is a growing sense that a more comprehensive authorization for the overall NOAA program is appropriate.

NOAA accounts for nearly half of the budget and manpower of the Department of Commerce and includes the National Weather Service, the National Ocean Survey, the National Earth Satellite Service, the

National Marine Fisheries Service and a number of other programs, such as the Office of Sea Grant.

NATIONAL BUREAU OF STANDARDS

NBS has a distinguished record of service and scientific accomplishment. The Bureau is responsible for the development of standards and measurements that are necessary for industrial and commercial advancement.

During the 95th Congress, the Committee conducted the first Senate oversight hearings of the NBS, which resulted in the Bureau's being on a periodic authorization. During the 96th Congress, a 2-year authorization act for the NBS was signed into a law. Reauthorization of NBS is required in 1982.

NATIONAL SCIENCE FOUNDATION

During the first session, the Committee reported for the first time, an authorization bill (S. 1194) for the NSF, following 2 days of hearings in early 1981.

Two days of hearings are anticipated in this session with special attention to the Foundation's plans for science and engineering education, the social and economic sciences and equipment and facilities. The Committee remains attentive to the NSF's primary responsibilities for fundamental scientific and engineering research.

The Committee has requested assistance from the General Accounting Office in two areas. One project involves a determination of causes and factors which influence the need for research equipment by universities, and identifying and evaluating options available for equipping university laboratories. A second project involves a preliminary examination of the potential supply and demand for skilled technicians and craftsmen.

Earthquake Hazards Reduction Act

The Earthquake Hazards Reduction Act of 1977 (Public Law 95–124) was passed to develop a comprehensive national policy and coordinated program to reduce hazards and risks from earthquakes. More than 70 million people in the United States live in areas of high and moderate seismic risk. Earthquakes have caused, and will continue to cause, loss of life, injury, property damage, and social and economic disruption. In 1979, the President designated the Federal Emergency Management Agency (FEMA) as the lead agency to implement the policy.

The Committee will review in hearings the FEMA program and research being carried out by the U.S. Geological Survey, the NSF, and the NBS. Special attention will be paid to our monitoring predictive and response capabilities. Reauthorization of the act is required in 1982.

National Climate Program Act

The National Climate Program Act of 1978 (Public Law 95–367) recognizes that climate and climate fluctuations have a major impact on food production, water resources, energy supplies and demand, the economy, and human welfare. The act emphasizes long-term research

efforts to gain an understanding of the very complex climate processes and a balanced program of research and application to make use of extensive climate data that already exists. NOAA has been designated to lead a multiagency Federal program, including the Departments of Agriculture, Defense, Energy, Interior, NASA, and NSF. Reauthorization for fiscal year 1983 will be conducted, perhaps in conjunction with an omnibus authorization for NOAA.

Legislation

Patent policy

The "Uniform Science and Technology Research Development Utilization Act" (S. 1657) was introduced in the first session. This legislation would establish a uniform policy for allocating rights to inventions made in the course of Government-sponsored research and development. This assignment of rights would provide an incentive for the private sector to make the necessary investment to assure that the public obtains the benefits of Government-sponsored research.

Hearings have been held and the Committee expects to report out a bill early in the session. Companion legislation (H.R. 4564) has been reported out by the House Committee on Science and Technology.

Space policy

The accomplishments of the United States in space, in research, applications, science, and exploration are on balance unequalled. No other country has yet matched this Nation's opening of the last frontier. However, other nations are stepping up their space and aeronautics activities on several fronts, including launch services, space science and exploration, satellite applications and aeronautical research and technology. This has made our need to have a clearly defined space policy even more imperative. At present both attention and the budget are understandably dominated by the requirements of the Shuttle. However, in the interests of a balanced space program careful attention must be given to commitments in space science, exploration and applications, and other future goals.

Space policy legislation will be introduced early in this session and will be the subject of at least 2 days of hearings.

Remote sensing

In 1979, NOAA was designated by the President to be the lead Federal agency to manage all operational remote sensing activities from space, building on the technology developed over the last 10 years by NASA.

Hearings were held in the last session on a number of relevant issues such as whether NOAA should be the lead agency, the role of the private sector in the initial stages of operation, and the transfer of the operation of the system from the Government to the private sector. Further hearings are anticipated on the establishment of an operational remote sensing system and the need for appropriate legislation.

Oversight

Materials and minerals policy

The United States is currently importing a great portion of many strategic minerals and materials which are vital to the national econ-

omy and security. Many of the sources of these minerals are highly vulnerable to supply interruptions, and our industries are facing increasingly intense international competition for these materials.

The 96th Congress enacted the National Materials and Minerals Policy, Research and Development Act of 1980 (Public Law 96–479) to help fix responsibility and authorize activity for addressing these issues.

The Committee intends to hold followup hearings on the implementation of Public Law 96–479, focusing on the President's plan required under the act, the responsibilities of the Department of Commerce outlined in the act, the obstacles to achieving the policy set forth in the act, the scientific and technological capabilities for mineral exploration, development and processing, the development of new materials, and the assurance of sufficient and uninterrupted supplies of materials critical to the Nation's economic defense and societal needs.

The act charges the Department of Commerce with developing a policy for dealing with the civilian impacts of curtailments of critical minerals and materials and conducting case studies (the aerospace industry was the first selected).

The Committee has also requested that the Congressional Budget Office undertake a study of strategic minerals in the U.S. economy and of the ways in which alternative policies could reduce the potential cost of a disruption.

Hearings are being considered on the implementation of Public Law 96–479 and, jointly with the Banking Committee, on the implications of the Defense Production Act. A case study of specific materials, such as guayule as a native source of natural rubber, is also a possibility.

Technical innovation and technology transfer

The 96th Congress enacted the Stevenson-Wydler Technology Innovation Act (Public Law 96–480) to stimulate development of new industrial technology. Reports on the progress of implementation of the act have been requested by the Committee of the prominently affected agencies.

Radioactive materials transportation

Large volumes of radioactive waste from medical applications, medical and scientific research, electrical power generation, nuclear powered naval vessels and defense weapons systems are transported annually throughout the country to designated disposal sites. Concern has grown over both actual and perceived safety hazards incurred during transportation of such materials, leading to varying degrees of restriction and regulation.

The Committee reported out S. 535, the Radioactive Materials Transportation Safety Act during the 96th Congress to address the need for enhanced transportation safety.

A subsequent memorandum of understanding between the Department of Transportation and the Nuclear Regulatory Commission was alleged to effect much of the purpose of S. 535. However doubts about the effectiveness of this effort have arisen so that the need for legislation will be reexamined.

Research and development investment

Each year the Congress makes many separate budgetary decisions regarding research and development with limited attention to an awareness of their overall impact. The Subcommittee on Science, Technology, and Space is developing a budgetary analytic capability that will provide increasingly meaningful information about the level and nature of the national investment in research and development.

Hearings are planned this session which will focus on the relationships between investments in R. & D. and improvements in innovation, productivity, prosperity and security.

Office of Science and Technology Policy

The Committee will conduct its annual review of the National Science and Technology Policy, Organization and Priorities Act, Public Law, 94–282, and the activities of the Office of Science and Technology Policy. The review will address the administration's science and engineering policy in areas such as space, science and engineering manpower, rationale for investment in research and development, and plans for reinstitution of an advisory body for the President and the Science Advisor.

Biotechnology

Recombinant DNA and related biotechnologies are among the most rapidly developing sources of research and industry in the world. The Committee has requested that the Office of Technology Assessment undertake a study which would examine, as examples in what areas the United States is likely to be most (and least) competitive relative to other countries; what are our options for influencing the courses of development; and what strategies are being followed by our competitors? The Committee will follow the course of the study, which will continue during this session.

Weather modification

Extreme weather can cause severe damage to crops and property and result in injuries and loss of life. Better information about the occurrence and course of extreme weather, as well as the possible modification of the natural destructive processes, could have enormous financial and social benefit. Committee interest in the potential of weather modification on technology continues and legislation (S. 607) is pending.

Hazardous materials transportation

Large volumes of corrosive, explosive and toxic materials are transmitted over rails, roads and waterways. These materials—if improperly handled, packaged, stored or accidentally released—can cause extensive human suffering and damage to the environment and be expensive and dangerous to clean up.

The Subcommittee on Science, Technology, and Space will hold a hearing to examine this issue and determine how technology could reduce the likelihood of accidents and minimize the costs and danger of clean-up activities.

Toxic substances testing

The Committee will be examining Federal regulations for testing related toxic substances. This issue is becoming increasingly important for our food, drug, and other consumer products as our analytical capabilities, medical, and scientific knowledge and use of chemicals have increased.

Miscellaneous

The Committee continues to have an interest in a number of issues but the inplacement on this session's calendar is less clear at this point. These issues include: automotive research and technology; laser research and technology; testing of toxic substances; metrification; and medical science and technology.

SURFACE TRANSPORTATION

ALASKA RAILROAD

Congress authorized the construction of the Alaska Railroad in 1914 to serve the transportation needs of the Territory of Alaska. The 525-mile railroad has been in operation since 1923, and is administered by the Department of Transportation. It provides both freight and passenger service.

Although the railroad has served the interest of the Federal Government in the past, today it exists primarily for the benefit of residents and shippers in Alaska and tourists who visit the State. Further, the State believes that in the future the railroad will be vital in the development of the State's natural resources. In view of the respective interests in the railroad, the Committee believes it makes sense to transfer the railroad from the Federal Government to the State.

During the first session of the 97th Congress, the Committee held hearings on a bill to provide for the transfer of the railroad. This bill would ensure continued rail service in the State with the least amount of disruption to shippers, employees, and communities. It also would protect the Federal Government's sizable investment in the railroad. The Committee intends to complete its consideration of this bill during the second session of this Congress.

RAIL SAFETY

The Federal Railroad Safety Act of 1970 was an attempt by Congress to promote safety in railroad operations.

During this session of Congress, the Committee will be considering a routine authorization to implement the provisions of the act. Also, due to over a decade of changes in the rail industry, the Committee will be examining the effectiveness of existing statutes with a view toward reducing unnecessary and burdensome measures and implementing new safety provisions where needed.

In addition, the Committee will be examining a number of complex problems confronting the railroads including deferred maintenance of track and equipment, transportation of hazardous materials and rail-highway grade crossing safety.

RAILROAD REHABILITATION AND IMPROVEMENT FINANCING

This program was designed under the Railroad Revitalization and Regulatory Reform Act of 1976 (4–R Act) to provide equity financing to the depressed rail industry. To help provide the capital necessary to furnish financial assistance to the railroads, the 4–R Act authorized the Secretary of Transportation to issue and sell fund anticipation notes to the Secretary of the Treasury. The Secretary of

Transportation was authorized in turn to use the funds generated by the sale to Treasury to purchase redeemable preference shares from the railroads. Repayment of the value of such shares would not be commenced earlier than 6 years after the purchase.

This financial assistance program was to terminate September 30, 1980, when successor legislation was expected to be enacted. During the 96th Congress, the administration attempted to gain congressional approval for legislation designed to encourage restructuring of the national rail system through the use of Federal financial assistance. Because of several questions which this Committee and the House Energy and Commerce Committee had as to the need for and soundness of the proposed legislation, it was decided that an extension of the existing program would be appropriate in order to allow Congress to design a more ideal successor to the program.

The Committee intends to examine the success of this and other financial assistance programs as well as the need to continue them in the future. Assuming the Committee decides to continue the preference share program or establish a successor program, the Committee will also consider the extent to which Federal financial assistance should be available to entities which may be able to generate financial assistance in the private sector or through states sources.

INTERCITY BUS REGULATORY REFORM

A large part of the intercity bus industry, suffering from increasing costs and decreasing demand, is in need of revitalization. The committee is charged with the responsibility of determining if regulatory reform will aid in revitalizing the industry.

The industry provides three major services: scheduled regular route service, charters and tours, and package transportation. Regular route service carries the long-distance traveler between urban areas, and also includes the shorter, numerous runs which connect lesser populated rural communities and small towns with other close-by small communities and urban areas.

In the last decade, revenues from regular route systems have seriously declined while revenues from charters and tours continue to increase. The segment of the industry providing regular route service is faced with rising costs and declining demand. Factors contributing to this situation in some areas are inferior service, terminals and equipment. Decreasing profits make purchasing improved equipment and maintaining terminals nearly impossible.

A resolution to the intercity bus industry's financial problems could take the form of regulatory reform of State and Federal regulation of entry and exit, as well as ratemaking. Free exit could be hardest on rural communities dependent on the bus for transportation. However, freedom of exit could be made contingent on the Interstate Commerce Commission receiving notice and allowing exit only if a certain level of service standard sufficient to protect a bus-dependent community exists.

The Committee will immediately begin an investigation of the industry and its problems followed by formal Committee action.

FEDERAL STANDARDS FOR MOTOR CARRIER LENGTH AND WIDTH

During the first session of the 97th Congress, the Committee reported a bill establishing Federal minimum standards for motor carrier length and width. The Committee intends to continue this effort in the full Senate during the second session of this Congress. The bill reported by the Committee established a Federal minimum standard of 48 feet for State trailer length laws for certain tractor trailer combinations and 28 feet for "double" trailers. In addition, States are prohibited from setting overall length laws for such commercial motor vehicles. The bill also authorizes a State to permit 102 inch wide trucks to operate on the interstate highway system within the State.

The purpose of the bill is to enhance the flow of interstate commerce and improve efficiency and safety within the trucking industry.

COAL SLURRY PIPELINES

Transportation of coal by pipeline has become an important issue in recent years due to the increased interest in coal as an energy source. The domestic supply of coal is significant and could be used to reduce this country's dependence on foreign oil; to increase the U.S. exports and reduce the trade deficit; and to increase rate competition for sources of energy in the Pacific Northwest and the Southwest United States. These benefits will depend on adequate and cost-efficient transportation of the coal to powerplants and to the ports for export.

Proponents of coal slurry pipelines argue that pipelines will supplement the coal hauling capacity of railroads while acting as a buffer against excessive coal rate hikes. Critics of coal slurry pipelines stress their potentially harmful effect on scarce water resources and on the competitive position of the railroads. Some contend that the railroads need the coal freight to strengthen their systems so as to provide for the transportation of many different commodities.

Legislation to grant eminent domain to private companies for the construction of coal slurry pipelines in order to facilitate the transportation of coal is likely to be considered in this Congress. The Committee intends to examine the many questions raised by such proposals.

OIL PIPELINE

A bill was introduced in the first session to deregulate the transportation costs of oil when transported by pipeline. Such transportation of oil by pipeline is currently regulated by the Federal Energy Regulatory Commission. The Committee intends to study the consequences of such deregulation.

PIPELINE SAFETY

The Natural Gas Pipeline Safety Act and Hazardous Liquids Pipeline Safety Authorization bill has passed the Senate and the House. However, the Senate and House have not yet reached an agreement

on a final bill. The Committee will attempt to reach such an agreement during the second session of the Congress.

HAZARDOUS MATERIALS TRANSPORTATION

The Department of Transportation (DOT) is responsible for regulating the packaging and transportation of hazardous materials by highway, rail, pipeline, and water. The Committee expects to continue its review of the Department's program in this area.

Specific issues to be addressed are the reauthorization of the Hazardous Materials Transportation Act; routing and prenotification requirements; regulation of nuclear waste transportation; improvements in training, enforcement, and emergency response efforts; and the overall coordination of hazardous materials transportation activities by the DOT, the Nuclear Regulatory Commission, the Federal Emergency Management Agency, the Environmental Protection Agency, the Coast Guard, the National Transportation Safety Board (NTSB), and the appropriate State and local authorities.

During the 97th Congress the Committee reported a bill S. 960. the Hazardous Materials Transportation Act Amendments of 1981. The bill is designed to assist States in (1) enforcement of Federal requirements and consistent State and local requirements for hazardous materials transportation; and (2) response to hazardous materials accidents. The Committee will seek consideration by the full Senate of this legislation during this session of Congress.

INTERMODAL TRANSPORTATION

The Rail Act of 1980 and the Motor Carrier Reform Act of 1980 removed several impediments to the development of intermodal transportation. During consideration of that legislation, the Committee heard testimony indicating that intermodal transportation could result in more efficient distribution of freight. For the transportation companies involved this would mean savings in energy and equipment costs and for shippers, improved service and reduced freight costs.

The Committee intends to conduct hearings to explore further the efficiencies associated with intermodal transportation and to consider appropriate steps to take to enhance such transportation.

National Highway Traffic Safety Administration

The Committee intends to conduct oversight of the National Highway Traffic Safety Administration (NHTSA) to determine its effectiveness in carrying out the purposes of the National Traffic and Motor Vehicle Safety Act, the Motor Vehicle Information and Cost Savings Act and the Highway Safety Act. In the last year the NHTSA has modified and repealed several regulations adopted pursuant to the act. The Committee intends to review the rationale and effects of such actions. Further the Committee intends to review proposals to revise funding for the highway trust fund. Federal funding for highway construction and highway safety is derived from this fund. Both programs are important to the free, efficient and safe movement of goods in interstate commerce.

NATIONAL DRIVER REGISTER

The licensing of motor vehicle drivers is presently handled by the individual States. The result is that some drivers with a poor driving record in one State go to another State to get a new driver's license. The NTSB recently recommended that the NHTSA design a program for national licensing of truck drivers. The Committee will hold hearings to determine if this type of program would be feasible, the costs of such a program, and if it would improve highway safety.

The Committee intends to explore the concept of improving the current national driver register to allow electronic identification of those drivers with serious moving violations, license suspensions and revocations.

MOTOR VEHICLE THEFT PREVENTION

The Committee is concerned about the increasing costs to society of motor vehicle theft. A bill was introduced during the first session to require that vehicle identification numbers (VIN) be placed on key components of an automobile. Such additional VIN markings may aid law enforcement officials in identification of stolen parts and in apprehending the thief. The Committee intends to review the costs and benefits of such a bill.

OVERSIGHT

MOTOR CARRIER REGULATORY REFORM ACT OF 1980

The Motor Carrier Reform Act of 1980 was passed on July 1, 1980. This legislation was a major revision of the Motor Carrier Act of 1935. Congress made significant changes in the national transportation policy, preferring to rely on competition rather than regulation to better serve the public needs.

The Committee is mandated to conduct annual oversight hearings to determine the effectiveness of the act in achieving the transportation goals contained in the act. Two oversight hearings were held in the summer of 1981. Another hearing will be held this year. Among the issues the Committee intends to focus on this session are: standards for an Interstate Commerce Commission (ICC) certificate of public convenience and necessity; motor carrier insurance; requirements in the act; transborder motor carriers operations; and the effect of Federal law on intermodal transportation.

HOUSEHOLD GOODS TRANSPORTATION ACT OF 1980

The Household Goods Transportation Act of 1980 was passed by Congress in 1980. The act, together with the Motor Carrier Regulatory Reform Act of 1980, made significant changes in the regulations affecting the transportation of household goods.

The act also requires the Committee to conduct oversight hearings to review the implementation and effectiveness of the legislation. The Committee held its first oversight hearing in October 1981 and intends to continue this oversight in 1982.

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